

STATE FIRE AND TORNADO INSURANCE FUND

ELECTRONIC DATA PROCESSING COVERAGE SECTION COVERAGE FORM

Various provisions in this certificate restrict coverage. Read the entire certificate carefully to determine rights, duties and what is and is not covered.

Throughout this certificate, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the State Fire and Tornado Insurance Fund.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section G-DEFINITIONS.

A. COVERAGE

We will pay for "loss" to Specifically Scheduled Covered Property from any of the Covered Causes of Loss.

1. COVERED PROPERTY

As used in this Coverage Form, means:

- a. Your data processing equipment.
- b. Air conditioning, and other electrical equipment, used exclusively with your data processing equipment.
- c. Your data processing data and media.
- d. Programming documentation and instruction manuals.
- e. Similar property of others in your care, custody or control.

while situated at the location(s) shown on the Declarations Page.

Data means information stored on the media and includes facts, instructions, concepts, and programs converted to a form usable in a data processing operation.

Media means materials on which data is recorded, such as magnetic tapes, disc packs, paper tapes and cards, floppy discs and compact discs, used in processing units.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Accounts, records, documents and other valuable papers, unless they are programming documentation or instruction manuals.

But, we will cover these items once they are converted to data form.

- b. Data processing data or media that cannot be replaced with similar property of equal quality.
- c. Your property that you have rented or leased to someone else and is not at your location.
- d. Contraband, or property in the course of illegal transit or trade.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property except those causes of "loss" listed in the Exclusions.

4. COVERAGE EXTENSIONS

a. Recharge or refill of a fire protective device

We will pay for your expense to recharge or refill any fire protective devices, which are designed specifically to protect Covered Property when these devices have been used in a loss covered by this certificate, or have been accidentally discharged.

The most we will pay in any one "loss" under this extension is \$50,000.

This extension is additional insurance.

b. Debris Removal

We will pay expenses you incur in removing debris of covered property from a covered loss. Debris removal expenses will be paid only if they are reported to us within 180 days after the date of direct physical loss.

The most we will pay for debris removal is 25% of the amount we pay for direct loss or damage to covered property before the application of any deductible. Any, payment for debris removal will not increase the applicable coverage limit.

As an extension of coverage, we will pay up to an additional \$10,000 for expense you incur in removing debris of covered property from a covered location after a covered loss. This extension applies if the 25% limitation of debris removal

coverage for covered property is exhausted, or if the applicable limit of liability at a covered location is exhausted.

Debris removal does not apply to expense for "clean-up" of "pollutants."

c. Newly Acquired Property

We will provide coverage as follows:

On newly acquired Covered Property up to the total limit shown on the Declarations Page for Total Covered Property whether located at a current location or a newly acquired location, but in no event shall we pay more than \$500,000 under this Coverage Extension for any one "loss."

You will report such newly acquired property, or Covered Property already insured by this policy which is moved to a newly acquired location, to us within 90 days from the date the Covered Property is acquired or moved, as the case may be, and pay any additional premium due. If you do not report such property or movement of property, coverage will cease automatically after the 90 days has elapsed. However, in no event shall coverage be extended beyond the expiration of the certificate.

d. Extra Expense

We will pay your Extra Expense to continue your business after a "loss" to your "data processing operation" caused by a Covered Cause of Loss. Extra Expense means any necessary operating expenses over and above your "normal" cost of operating your "data processing operation." This expense could include rental of additional equipment or facilities and the cost of additional labor.

We will pay your necessary Extra Expense from the date of "loss" until the "loss" is repaired or replaced and "normal" operations resume. You agree to resume "normal" operations (partial or complete) as soon as possible following any "loss." We will not pay for any Extra Expense that extends beyond what it should reasonably take to repair or replace your damaged property.

The most we will pay in any one "loss" under this extension is:

- (1) \$10,000; or
- (2) \$10,000 plus the limit of Insurance shown on the Declarations Page for Extra Expense.

This extension is additional insurance.

e. Extra Expense Coverage for Year 2000 Computer-Related and Other Electronic Problems

We will pay the actual and necessary Extra Expense you incur due to "Computer Failure" at the "premises" described in the Declarations, or at another location if the off-premises Computer interfaces with a Computer at the described premises or is otherwise used in the operations of the business at the described premises. Extra Expense does not include expenses for repair, modification or replacement of the Computer.

With respect to an instance of "Computer Failure," coverage ends 30 days after the "Computer Failure" is corrected, or when there is no further loss or expense caused by that "Computer Failure," whichever comes first.

The most we will pay for the total of all losses and/or expenses sustained in any one certificate year is \$2,500 (per Cabinet), regardless of the number of "Computer Failures" or the number of computers involved in any "Computer Failure."

This extension is additional insurance.

f. Covered Property While in Transit or Away From Your Premises.

We will pay for loss to Covered Property due to a Covered Cause of Loss while in transit or while away from your "premises". The most we will pay in any one "loss" is \$5,000. But, if the Covered Property is moved due to impending danger of "loss" from a Covered Cause of Loss, we will pay for "loss" up to the applicable limit shown on the Declarations Page, for a period up to 30 days, after which coverage will cease.

This extension is additional insurance.

g. Duplicate and Backup Data and Media

We will pay for a Covered Cause of Loss to duplicate and backup data and media that you store at a separate location not shown on the Declarations Page. However, the most we will pay is 25% of the total limit shown on the Declarations Page for data and media coverage or \$50,000, whichever is less. This coverage applies only to separate storage locations located at least 100 feet from the covered location.

This extension is additional insurance.

h. Collapse

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We will pay for direct "loss" caused by or resulting from risks of direct physical "loss" involving collapse of all or part of a building or structure caused by one or more of the following:

- (1) Fire; lightning; windstorm; hail; "explosion"; smoke; aircraft; vehicles; riot; civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse;" volcanic action; breakage of building glass; falling objects; weight of snow, ice or sleet; water damage; all only as insured against in this Coverage Form;
- (2) Hidden decay;
- (3) Hidden insect or vermin damage;
- (4) Weight of people or personal property;
- (5) Weight of rain that collects on a roof;
- (6) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

This Additional Coverage does not increase the Limits of Insurance provided in this Coverage Form.

i. Pollutant Clean Up

We will pay up to \$10,000 in each annual certificate period for expense you incur for "clean-up" of pollutants from land, air, or water at your "premises". The presence, release, discharge or dispersal of the pollutants must be caused by a covered cause of loss not otherwise excluded. The expenses must be reported to us within 180 days after the date of the direct physical loss or the expiration date of this certificate, whichever comes first.

j. Incompatibility of Software

We will cover the cost of:

- (1) Modification of data processing equipment; or
- (2) Replacement of data including program reinstatement in order to achieve compatibility resulting from an insured loss where the replacement equipment is incompatible with the previous data.

We will pay up to an amount not to exceed \$5,000 for this extension.

k. Computer Virus

We will pay for "loss" to Covered Property up to the applicable limit of insurance shown on the declarations page for data and media coverage.

However, your protection does not include coverage for losses caused by or resulting from errors in design or programming errors.

B. EXCLUSIONS

1. We will not pay for a "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss."

a. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

b. Nuclear Hazard

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

c. War and Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

d. Intentional Acts

This includes any loss that is caused by or results from any act committed with the intent to cause damage or destruction by you or any named insured, or at your direction or the direction of any named insured.

e. Neglect

Unless you take all reasonable steps to protect Covered Property when it is threatened with loss. After a loss, you must take all reasonable steps to protect Covered Property from further loss. If you fail to do so, we won't cover any loss that results from your neglect.

f. Programming Errors

This includes loss caused by or resulting from errors in programs or in instructions given to data processing equipment.

2. We will not pay for a "loss" caused by or resulting from any of the following:

- a.** Delay, loss of market, loss of use and Interruption of Business. This includes loss from any delay, or because you can no longer sell or use the property.
- b.** Dishonest or criminal acts committed by:
 - (1)** You, any of your partners, employees, directors, trustees, or authorized representatives;
 - (2)** Anyone else with an interest in the property, or their employees or authorized representatives;
 - (3)** Anyone else to whom the property is entrusted for any purpose.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

This exclusion does not apply to Covered Property that is entrusted to others who are "carriers for hire" or to acts of destruction by your employees. But theft by employees is not covered.

- c.** We won't cover loss or damage caused by or resulting from the presence, release, discharge or dispersal of pollutants unless the presence, release, discharge or dispersal is itself caused by fire, lightning, windstorm or hail, "explosion," riot or civil commotion, vehicles or aircraft, sonic boom, smoke, vandalism and malicious mischief, sprinkler leakage, sinkhole collapse or volcanic action.
- d.** We won't cover loss, damage, or "clean-up" caused by or resulting from asbestos or asbestos-containing materials.
- e.** We won't cover property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where

there is no physical evidence to show what happened to the property.

3. We will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss."

- a.** Acts or decision, including the failure to act or decide, of any person, group, organization or governmental body.
- b.** Faulty, inadequate or defective:
 - (1)** Planning, zoning, development, surveying, siting;
 - (2)** Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
 - (3)** Material used in repair, construction, renovation or remodeling; or
 - (4)** Maintenanceof part or all of any property wherever located.
- c.** "Wear and tear," hidden or "latent defect," gradual deterioration, depreciation.

C. LIMITS OF INSURANCE

The most we will pay for "loss" in any one occurrence is the applicable Limit of Insurance shown

on the Declarations or elsewhere in the certificate.

D. DEDUCTIBLE

We will not pay for "loss" in any one occurrence until the amount of adjusted "loss" before applying the applicable Limits of Insurance exceeds the Deductible shown in the Deductible Section of the Declarations Page. With the exception of theft "loss" of a *Lap Top Computer*, we will then pay the amount of the adjusted "loss" in excess of the Deductible, up to the applicable Limit of Insurance.

If the "loss" involves the theft of a *Lap Top Computer*, the applicable Deductible shown on the Declarations Page is amended to \$1,000. We will then pay the amount of the adjusted "loss" in excess of the \$1,000 Deductible, up to the applicable Limit of Insurance.

E. LOSS CONDITIONS

1. ABANDONMENT

There can be no abandonment of any property to us.

2. APPRAISAL

If we and you disagree on the value of the property or the amount of "loss", either may make written demand for an appraisal of the

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"loss". In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of "loss". If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. DUTIES IN THE EVENT OF LOSS

You must see that the following are done in the event of loss or damage to Covered Property:

- a. Notify the police if a law may have been broken.
- b. Give us prompt notice of the loss or damage. Include a description of the property involved.
- c. As soon as possible, give us a description of how, when and where the loss or damage occurred.
- d. Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.
- e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- f. Must report loss within 10 days from knowledge.
- g. Report and Proof of Loss Form #DOA-11 shall be signed and returned by you within 14 days.
- h. Cooperate with us in the investigation or settlement of the claim.

4. LOSS PAYMENT

We will prepare and forward for your signature a Report and Proof of Loss Form #DOA-11 to initiate payment by journal voucher into the account specified by you or make good any "loss" covered under this certificate within 30 days after:

- a. We reach agreement with you;
- b. The entry of final judgment; or
- c. The filing of an appraisal award.

We will not be liable for any part of a "loss" that has been paid or made good by others.

5. OTHER INSURANCE

If you have other insurance covering the same "loss" as the insurance under this certificate, we will pay only the excess over what you should have received from the other insurance. We will pay the excess whether you can collect on the other insurance or not.

6. PAIR, SETS OR PARTS

- a. Pair or Set. In case of "loss" to any part of a pair or set we may:
 - (1) Repair or replace any part to restore the pair or set to its value before the "loss"; or
 - (2) Pay the difference between the value of the pair or set before and after the "loss".
- b. Parts. In case of "loss" to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

7. PRIVILEGE TO ADJUST WITH OWNER

In the event of "loss" involving property of others in your care, custody or control, we have the right to:

- a. Adjust the "loss" with the owners of the property. We will not pay more than the owner's financial interest in the Covered Property.
- b. Provide a defense for legal proceedings brought against you. If provided, the expense of this defense will be at our cost and will not reduce the applicable Limit of Insurance under this certificate.

8. RECOVERIES

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

9. REINSTATEMENT OF LIMIT AFTER LOSS

The Limit of Insurance will not be reduced by the payment of any claim, except for total "loss" of a scheduled item, in which event we will refund the unearned premium on that item.

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10. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this insurance has rights to recover damages from another, those rights are transferred to us to the extent of our payment. You must do everything necessary to secure our rights and must do nothing after "loss" to impair them.

F. ADDITIONAL CONDITIONS

1. CONCEALMENT, MISREPRESENTATION OR FRAUD

This certificate is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time, concerning:

- a. This certificate;
- b. The Covered Property;
- c. Your interest in the Covered Property; or
- d. A claim under this certificate.

2. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this certificate unless:

- a. There has been full compliance with all terms of this certificate; and
- b. The action is brought within 2 years after you first have knowledge of the "loss".

3. NO BENEFIT TO BAILEE

No state agency, other than you, having custody of Covered Property, will benefit from this insurance.

4. CERTIFICATE PERIOD

We cover "loss" commencing during the certificate period shown in the Declarations.

5. COVERAGE TERRITORY

With the exception of laptop computers, all property is covered wherever located within:

- a. The United States of America;
- b. Canada

Laptop computers are provided worldwide coverage.

6. VALUATION

- a. Valuation of data processing equipment, air conditioning and other electrical equipment, documentation and manuals, and property of others:

If you repair or replace this property within a reasonable time following "loss," the property will be valued at the full cost of repair or replacement. However, the

most we will pay is the least of the following.

- (1) The actual cost to repair or restore the property with materials of like kind and quality;
- (2) The cost of replacing that property with property of similar quality and function;
- (3) The amount you actually and necessarily spend to repair or replace the property; or
- (4) The Limit of Insurance applicable to the property.

If you do not repair or replace this property within a reasonable time following "loss," the most we will pay will be the least of the following:

- (1) Actual cash value of the property;
- (2) Actual cash value of repairs with material of like kind and quality; or
- (3) The Limit of Insurance applicable to the property.

We reserve the right to repair or replace the property or to pay for the property in money.

In the event of "loss," the value of property will be determined as of the time of "loss."

b. Valuation of Data and Media

We will not pay for more than the actual reproduction costs of covered data and media. If you do not replace or reproduce the data and media, the most we will pay is the cost of blank media.

The most we will pay is the Limit of Insurance shown on the Declarations Page.

7. PROTECTIVE SAFEGUARDS

You must maintain the protective safeguards stated by you to be in effect at a location when this coverage began.

If you fail to keep the protective safeguards:

- a. In working condition at a location; and
- b. In operation when you are closed to business;

coverage for which the protective safeguards apply is automatically suspended at that location if you fail to notify us immediately. This suspension will last until the equipment or services are back in operation.

G. DEFINITIONS

1. "Loss" means accidental loss or damage.

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2. "Normal" means the condition that existed had no loss occurred.
3. "Data Processing Operation" means:
 - a. Your data processing equipment;
 - b. Your data processing data and media;
 - c. The air conditioning system that services your data processing operation; and
 - d. The electrical system that services your data processing operation.
4. "Clean-up" includes testing, monitoring, removal, containment, treatment, detoxification or neutralization.
5. "Carriers for Hire" means an individual or corporation which offers its services, for a fee, to the public for carrying persons or property from one place to another.
6. "Explosion" means the sudden release of a violent force. It is usually an expansion or bursting accompanied by noise. It includes the explosion of built-up gases or unused fuel in a firebox or combustion chamber, or the flues or passages that carry the gases or fuel from them. However, concussions that are not caused by explosions are not considered explosions for purposes of this policy. Neither are volcanic eruption, nuclear activity, water hammer (the pressure of fluid against the sides of a pipe caused by a sudden stoppage of flow) electrical arcing, rupture or bursting of water pipes, rupture or bursting of moving parts of machinery caused by centrifugal force or mechanical breakdown, or rupture that occurs if water causes the expansion or swelling of the contents of a building or structure.
7. "Latent defects" are faults or weaknesses in property itself.
8. "Neglect" means your failure to take all reasonable steps to protect your property when it is threatened with damage or loss, and to protect your property from further loss after damage or loss occurs.
9. "Premises" means a plot of ground, a building or a portion of a building that you use to conduct your business activities. "Your premises" means the premises described by the addresses listed in the Declarations.
10. "Sinkhole collapse" means sudden sinking or collapse of land into underground empty space created by the action of water on limestone or similar rock formations.
11. "Wear and tear" means deterioration, rust, corrosion, marring or scratching, obsolescence or other effects of normal use. It also includes contamination, erosion, wet or dry rot, and mold.
12. "Computer Failure" means the failure, malfunction or inadequacy of a Computer due to the inability to correctly recognize, distinguish, interpret or accept the year 2000 and beyond.

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